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August 14, 1992

Ms. [C]
Auditor, Controller's Office
County of [X]
P.O. Box XXXX
--- ---, California XXXXX

Re: S- -- XX-XXXXXX
Norplant System Contraceptive

Dear Ms. [C]de:

I am answering your follow-up letter of July 23, 1992 to my letter to you of July 10, 1992 regarding the sales tax status of contraceptives issued by the county health clinic. You supplied further information on the above product.

OPINION

I discussed in my previous letter to you the rules governing the exemption from sales and use tax for sales of prescription medicines, so, for the sake of brevity, I will not repeat it here. You describe the Norplant System as follows:

"The Norplant System is surgically implanted in a woman's arm just under the skin and releases hormones similar to those in oral contraceptives. It can remain in place up to five years."

This item appears to operate in much the same way as do intrauterine devices that release chemicals or hormones, except that it is implanted in the arm instead of the uterus itself. As I noted in my letter, we have previously determined that those devices qualify as medicines. Consequently, we conclude that the Norplant System also so qualifies. Thus, the county may purchase it free of tax for the purpose of distribution by the county health clinic for the treatment of a human being. (Regulation 1591(a)(5).)

In order to purchase free of tax this item and those discussed in my previous letter as being exempt, Santa Cruz County must issue its suppliers exemption certificates at the time of purchase. These certificates must conform to the requirements of Regulation 1667. (Reg. 1591(p)(3).)

For your information, I have enclosed a copy of Regulation 1667. I hope the above discussion has answered your question. If you need anything further, please do not hesitate to write again.

Sincerely,

John L. Waid
Tax Counsel

JLW:es

Enclosure: Reg. 1667